

COMPASS POINTE
INDEPENDENT AUDITORS' REPORTS,
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2009

COMPASS POINTE
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COMPASS POINTE
OFFICIALS
JUNE 30, 2009

EXECUTIVE DIRECTOR JoAnn DeYoung

BOARD OF DIRECTORS (terms expire January 1, 2010)

Officers:

President Tom Farnsworth
Vice-President Dennis Wright
Secretary-Treasurer Del Brockshus

Delegates:

Buena Vista County Dale Arends
Don Atena

Clay County Del Brockshus
Burlin Matthews

Dickinson County Mardi Allen
Greg Baloun
George Morris

Emmet County Bev Juhl
Alan Madden

Kossuth County Jack Plathe

Lyon County Merle Koedam
Mike Modder

O'Brien County Tom Farnsworth
Jake Moermond

Osceola County Phil Bootsma
Bill Imhoff

Palo Alto County Ron Graettinger

Sioux County Dennis Wright
Mark Sybesma

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Compass Pointe

We have audited the accompanying statement of financial position of Compass Pointe (a non-profit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Compass Pointe's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Compass Pointe's June 30, 2008 financial statements and, in our report dated November 18, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compass Pointe at June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2009 on our consideration of Compass Pointe's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Wincher, Stone & Co. LLP

September 14, 2009

COMPASS POINTE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR JUNE 30, 2008

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash (Notes 1 and 8)	\$217,432	\$340,844
Accounts receivable - net (Notes 1 and 2)	112,627	164,655
Prepaid expenses	<u>40,501</u>	<u>32,636</u>
TOTAL CURRENT ASSETS	<u>370,560</u>	<u>538,135</u>
PROPERTY AND EQUIPMENT (Note 1):		
Office equipment	198,140	193,700
Video system and equipment	128,449	127,165
Leasehold improvements	<u>79,641</u>	<u>79,016</u>
TOTAL PROPERTY AND EQUIPMENT	406,230	399,881
Less accumulated depreciation	<u>(372,653)</u>	<u>(358,333)</u>
PROPERTY AND EQUIPMENT - NET	<u>33,577</u>	<u>41,548</u>
OTHER ASSETS:		
Non-marketable security (Note 3)	75,386	75,386
Down payment on property acquisition (Note 4)	<u>25,457</u>	<u> </u>
TOTAL OTHER ASSETS	<u>100,843</u>	<u>75,386</u>
 TOTAL ASSETS	 <u>\$504,980</u>	 <u>\$655,069</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 8,612	\$ 8,300
Other liabilities	75,000	174,475
Accrued vacation pay (Note 1)	40,448	34,907
Accrued unemployment claims (Note 1)	<u>16,193</u>	<u>16,193</u>
TOTAL CURRENT LIABILITIES	<u>140,253</u>	<u>233,875</u>
NET ASSETS:		
Unrestricted - as restated (Notes 1 and 12)	364,727	414,010
Temporarily restricted (Note 1)	<u> </u>	<u>7,184</u>
TOTAL NET ASSETS	<u>364,727</u>	<u>421,194</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$504,980</u>	 <u>\$655,069</u>

COMPASS POINTE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR JUNE 30, 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT AND REVENUES:		
Comprehensive treatment contract	\$ 772,707	\$ 679,366
Comprehensive prevention contract	155,753	155,753
Other contracts and grants	325,657	279,650
Counties	120,736	118,940
Cities	11,607	8,222
Donations	11,400	1,222
Client fees	532,972	518,416
Other fees	47,392	45,092
Interest	11,948	17,998
Other	25,246	25,645
TOTAL PUBLIC SUPPORT AND REVENUES	<u>2,015,418</u>	<u>1,850,304</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>7,184</u>	<u>4,500</u>
EXPENSES:		
Program services	1,707,516	1,581,647
Support services	364,369	341,654
TOTAL EXPENSES	<u>2,071,885</u>	<u>1,923,301</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(49,283)</u>	<u>(68,497)</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Net assets released from restrictions	<u>(7,184)</u>	<u>(4,500)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(7,184)</u>	<u>(4,500)</u>
NET ASSETS BEGINNING OF YEAR	<u>421,194</u>	<u>494,191</u>
NET ASSETS END OF YEAR - AS RESTATED	<u>\$ 364,727</u>	<u>\$ 421,194</u>

COMPASS POINTE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>	<u>Total</u>
Salaries and wages	\$ 982,919	\$217,312	\$1,200,231	\$1,118,617
Fringe benefits and payroll taxes	<u>308,733</u>	<u>77,150</u>	<u>385,883</u>	<u>341,315</u>
TOTAL COMPENSATION AND RELATED EXPENSES	1,291,652	294,462	1,586,114	1,459,932
Auditing and legal services		8,638	8,638	8,256
Bad debts	24,000		24,000	31,792
Contract services	22,654		22,654	38,387
Insurance	12,688	4,718	17,406	18,128
Miscellaneous	13,525	5,837	19,362	13,698
Rent	106,561	16,636	123,197	115,908
Repairs and maintenance	34,794	7,612	42,406	43,405
Special projects	76,613		76,613	42,006
Staff training and education	11,914	7,687	19,601	16,527
Supplies	34,227	5,468	39,695	51,529
Telephone	19,045	3,433	22,478	21,957
Travel	33,221	4,772	37,993	33,800
Utilities	<u>17,075</u>	<u>333</u>	<u>17,408</u>	<u>15,246</u>
TOTAL EXPENSES BEFORE DEPRECIATION	1,697,969	359,596	2,057,565	1,910,571
Depreciation	<u>9,547</u>	<u>4,773</u>	<u>14,320</u>	<u>12,730</u>
 TOTAL EXPENSES	<u>\$1,707,516</u>	<u>\$364,369</u>	<u>\$2,071,885</u>	<u>\$1,923,301</u>

COMPASS POINTE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR JUNE 30, 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (56,467)	\$ (72,997)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	14,320	12,730
(Increase) decrease in current assets:		
Accounts receivable	52,028	(274)
Prepaid expenses	(7,865)	341
Increase (decrease) in current liabilities:		
Accounts payable	312	261
Accrued expenses and other liabilities	<u>(93,934)</u>	<u>76,072</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(91,606)</u>	<u>16,133</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(6,349)	(17,845)
Purchase of non-marketable security		(36,172)
Down payment on property	<u>(25,457)</u>	<u> </u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(31,806)</u>	<u>(54,017)</u>
NET DECREASE IN CASH	(123,412)	(37,884)
CASH AT BEGINNING OF YEAR	<u>340,844</u>	<u>378,728</u>
CASH AT END OF YEAR	<u>\$217,432</u>	<u>\$340,844</u>

COMPASS POINTE
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Compass Pointe is an Iowa non-profit organization based in Spencer, Iowa, with offices in a ten county area of Northwest Iowa. Its primary activities are the treatment of individuals suffering from drug, alcohol and gambling abuse and providing information and services related to the prevention of drug and alcohol abuse.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board for non-profit corporations. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Compass Pointe and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that they be used by Compass Pointe for specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists of balances held in checking, money market savings and certificate of deposit accounts.

Accounts Receivable

Compass Pointe charges uncollectible receivables against income and maintains an allowance for estimated uncollectibles based on management's estimate of the amount of receivables that will actually be collected. Accounts deemed to be worthless are written off annually. See also Note 2.

Property and Equipment

Property and equipment is stated at cost. Maintenance and repair costs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of three to ten years.

Accrued Expenses

Accrued vacation pay is estimated at each year end based on all vacation hours earned less hours used, limited to a maximum of eighty hours, and payable at current pay rates. Accrued unemployment claims are estimated at each year end based on claims which may be filed against Compass Pointe related to wages paid to employees during or prior to the fiscal year end.

COMPASS POINTE
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Temporarily Restricted Net Assets

Temporarily restricted net assets result from private foundation contributions stipulating the use of the funds for certain substance abuse prevention activities. Compass Pointe fully utilized these funds during the fiscal year ended June 30, 2009.

Functional Allocation of Expenses

The costs of providing Compass Pointe's various programs and support services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and support services benefited.

Income Taxes

Compass Pointe is a non-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law which provide tax exemption for corporations organized and operated exclusively for religious, charitable or educational purposes. The organization is not classified as a private foundation by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

The financial statements include certain 2008 comparative information. With respect to the Statement of Functional Expenses, 2008 expenses by object are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with Compass Pointe's financial statements for the year ended June 30, 2008 from which the summarized information was derived.

2. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Contracted services	\$ 72,410	\$ 93,331
Client fees	<u>136,156</u>	<u>143,324</u>
Total accounts receivable	208,566	236,655
Less allowance for doubtful accounts	<u>(95,939)</u>	<u>(72,000)</u>
Accounts Receivable - Net	<u>\$112,627</u>	<u>\$164,655</u>

At June 30, 2009 and 2008, client fees balances consist primarily of accounts from the Northwest Iowa geographic area. The organization does not require collateral as a condition of the extension of credit.

COMPASS POINTE
NOTES TO FINANCIAL STATEMENTS - Continued

3. NONMARKETABLE SECURITY

Compass Pointe has acquired 153 shares of Class P common stock of Tri-State Behavioral Health Association, Inc. (Tri-State), an Iowa corporation. These shares of stock are recorded at cost. Tri-State is a management service organization entity jointly owned by mental health centers and independent providers, as well as St. Luke's Health Resources and Gordon Recovery Centers of Sioux City, Iowa. Tri-State provides a high-quality, geographically accessible, managed care oriented, multi-specialty provider behavioral health services network serving twenty-two counties in Northwest Iowa. JoAnn DeYoung, Compass Pointe Executive Director, currently serves as President of Tri-State.

During the year ended June 30, 2009, Tri-State issued a dividend of \$17,500 to Compass Pointe. In August of 2009, Tri-State issued an extraordinary dividend to shareholders of record on August 13, 2009. The total dividend paid to Compass Pointe was \$84,000.

4. DOWN PAYMENT ON PROPERTY ACQUISITION

During the year ended June 30, 2009, Compass Pointe entered into an informal agreement to purchase office space for an estimated cost of approximately \$50,000. As of June 30, 2009, Compass Pointe has paid a total of \$25,457 towards this purchase. Compass Pointe anticipates that a written agreement to purchase the property will be completed during the fiscal year ended June 30, 2010.

5. OPERATING LEASES

Compass Pointe leases three offices at various locations under non-cancelable operating leases expiring from November 2008 through June 2012. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2010	\$27,600
2011	27,600
2012	<u>18,000</u>
Total	<u>\$73,200</u>

Rent expenses under the above leases and monthly leases for six additional locations totaled \$123,197 and \$115,908 for the years ended June 30, 2009 and 2008, respectively.

6. RETIREMENT PLAN

Compass Pointe maintains a defined contribution retirement plan for all eligible employees with one year of service. The plan calls for Compass Pointe to contribute 6.25% of each qualified employee's annual salary. Additionally, employees are required to contribute 3% of their salary to the plan in order to receive the matching contribution by Compass Pointe. Contributions under this plan totaled \$57,839 and \$50,658 for the years ended June 30, 2009 and 2008, respectively.

COMPASS POINTE
NOTES TO FINANCIAL STATEMENTS – Continued

7. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2009, Compass Pointe entered into business transactions with related parties totaling \$1,798.

8. CONCENTRATIONS OF CREDIT RISK

Compass Pointe maintains its cash balances in a financial institution located in Spencer, Iowa. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits in excess of \$250,000 are covered by a bank deposit guarantee bond.

9. ECONOMIC DEPENDENCY

Compass Pointe generates approximately 60% of its revenue from contracts to provide services for the Iowa Department of Public Health (IDPH) and the Iowa Plan for Behavioral Health (Iowa Plan). Under the terms of the IDPH contracts, Compass Pointe submits reports of its expenditures and/or activities to the IDPH on a monthly basis and is subsequently reimbursed as provided for in the contract. Compass Pointe has been awarded contracts from IDPH to provide prevention and gambling treatment services for the fiscal year ending June 30, 2010 totaling \$409,954.

The Iowa Plan contracts provide for equal monthly payments to Compass Pointe, dependent upon its meeting specified unduplicated client levels and providing specified services. As described in Note 12, a reimbursement of contract payments was required for the year ended June 30, 2008. Compass Pointe has not been informed whether any reimbursement of contract payments will be required for the contract year ended June 30, 2009. However, it is anticipated that any such payback for the year ended June 30, 2009 will be immaterial. Compass Pointe has been awarded contracts from the Iowa Plan to provide treatment services for the six months ending December 31, 2009 totaling \$414,361.

The IDPH and Iowa Plan contracts are comprised of both federal and state funds. The federal portion of the contract amounts for the fiscal year ending June 30, 2010 is approximately equal to amounts received for the fiscal year ended June 30, 2009. However, the availability of the federal funds is contingent upon federal block grant appropriations to the respective states.

10. RISK MANAGEMENT

Compass Pointe is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Compass Pointe assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

COMPASS POINTE
NOTES TO FINANCIAL STATEMENTS - Continued

11. DONATED SERVICES

The Organization receives donated services from a variety of unpaid volunteers who make significant contributions of their time in conjunction with programs and services. No amounts have been recognized for these services in the accompanying statement of activities because the criteria for recognition of such volunteer effort as contributed services has not been satisfied. However, the Organization did utilize donated services valued at \$24,048 to satisfy a portion of the Organization's match requirement stipulated in two grants.

12. PRIOR PERIOD ADJUSTMENT

Compass Pointe has discovered an error in the prior period financial statements related to a reimbursement due to the Iowa Plan. Based on an assessment by Magellan Behavioral Health, the administrator of the Iowa Plan, Compass Pointe was informed in August 2009 that they must reimburse the Iowa Plan an estimated \$75,000 due to failure to meet a contract requirement to serve a specified number of clients during the year ended June 30, 2008. A repayment schedule has not currently been determined. Adjustments related to correcting for the payback resulted in an increase to other liabilities and decreases to comprehensive treatment contract revenue and unrestricted net assets at June 30, 2008 by \$75,000.

SUPPLEMENTARY INFORMATION

COMPASS POINTE
SCHEDULE OF REVENUE AND EXPENSES BY CONTRACT
IOWA DEPARTMENT OF PUBLIC HEALTH CONTRACTS
YEAR ENDED JUNE 30, 2009

	Comprehensive Prevention 5889CP23	Youth Mentoring 5889YM09	Prevention Through Mentoring 5889YM79	Tobacco Use 5889TS13	Gambling 5889GP01	Total
REVENUE:						
Iowa Department of Public Health	<u>\$155,253</u>	<u>\$43,717</u>	<u>\$52,475</u>	<u>\$40,000</u>	<u>\$132,032</u>	<u>\$423,477</u>
EXPENSES:						
Salaries & benefits	92,768	32,335	30,799	24,688	69,674	250,264
MCPGSA Conference					1,017	1,017
Other operating expense	43,422	5,512	13,807	9,312	20,403	92,456
Indirect expense	19,063	5,870	7,869	6,000	13,244	52,046
Services:						
Intake					488	488
Individual counseling					1,281	1,281
Crisis					61	61
Group counseling					6,527	6,527
Education					19,337	19,337
Total Expenses	<u>155,253</u>	<u>43,717</u>	<u>52,475</u>	<u>40,000</u>	<u>132,032</u>	<u>423,477</u>
REVENUE OVER EXPENSES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Compass Pointe

We have audited the financial statements of Compass Pointe, Spencer, Iowa, as of and for the year ended June 30, 2009 and have issued our report thereon dated September 14, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered Compass Pointe's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Compass Pointe's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Compass Pointe's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Compass Pointe's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Compass Pointe's financial statements that is more than inconsequential will not be prevented or detected by Compass Pointe's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Compass Pointe's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Compass Pointe's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about Compass Pointe's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Compass Pointe. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of Compass Pointe and other parties to whom Compass Pointe may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Compass Pointe during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winther, Steve H. LHP

September 14, 2009